

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAЕ-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

PA-01 PRS-01 /103 W

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R 201521Z AUG 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4190

INFO USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ENRG, EAL, FR

SUBJECT: FRENCH ENERGY DEVELOPMENTS

REF: PARIS 19383

1. FRANCE'S FOREIGN TRADE STATISTICS FOR JULY HAVE JUST BEEN PUBLISHED. AN UNSATISFACTORY PERFORMANCE HAS BOTH GOVERNMENT SPOKESMEN AND PRESS BLAMING SERIES OF ENERGY-RELATED FACTORS INCLUDING:

A) INCREASED FOSSIL FUEL PURCHASES NECESSITATED BY DROUGHT-INDUCED DECLINE LN HYDRO-ELECTRICITY PRODUCTION;

B) INCREASED OIL IMPORT SPENDING IN ANTICIPATION OF EXPECTED OPEC PRICE INCREASES;

C) EMERGING DOMESTIC ENERGY CONSUMPTION PATTERNS WHICH, WHILE "NOT EXCESSIVE," HAVE, NEVERTHELESS,

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SURPASSED PRIOR ESTIMATES;

D) SEASONAL ENERGY DEMANDS;

E) DECLINE OF FRANC IN INTERNATIONAL MONEY MARKETS  
JUST AT TIME WHEN FOREIGN ENERGY PURCHASES WERE  
INCREASING.

2. FOREIGN TRADE MINISTER BARRE EXPLAINED 317 MILLION FRANC OVERALL TRADE DEFICIT FOR JULY 1976 RESULTED FROM 27 PERCENT JUMP IN ENERGY IMPORT COSTS OVER PRECEDING MONTH. ALTHOUGH, BARRE SAID, "FRENCH EXPORTS HELD THEIR OWN IN JULY, AND NON-ENERGY IMPORT PURCHASES CONTINUED TO SLOW DOWN, THE QUICK AND IMPORTANT INCREASE OF ENERGY IMPORTS EXPLAIN ALMOST COMPLETELY GENERAL GROWTH OF IMPORTS FROM ONE MONTH TO THE NEXT. EXCHANGE DEFICITS IN JULY THUS RESULT PRIMARILY FROM STRONG INCREASES IN PETROLEUM IMPORTS, AND DEMONSTRATE AGAIN NECESSITY OF ENFORCING ENERGY CONSERVATION MEASURES." (N.B. IN JULY, GOF MINISTERIAL COUNCIL EXTENDED THROUGH 1980 TWO DECREES -- ONE PROHIBITING ANY ADVERTISING GAUGED TO INCREASE ENERGY CONSUMPTION AND ANOTHER SUBMITTING CONSUMPTION OF HOME HEATING AND HEAVY FUEL OILS TO GOVERNMENT GUIDEINES.) PROBLEM, HOWEVER, IS NOT REPEAT NOT ONE EXCLUSIVELY OF OIL. NATURAL GAS IMPORTS INTO FRANCE DURING FIRST QUARTER 1976 WERE 18 PERCENT OVER 1975, AND FOREIGN COAL PURCHASES ARE UP ALSO.

3. KNOWING THAT 10 CENTIMES OF DECLINE VIS-A-VIS DOLLAR COSTS FRANCE ADDITIONAL 100 MILLION FRANCS PER MONTH IN FOREIGN EXCHANGE, ENERGY PLANNERS ARE BECOMING VERY PESSIMISTIC THAT GOF WILL BE ABLE TO REALIZE ITS OBJECTIVE OF LIMITING 1976 FOREIGN PETROLEUM PURCHASES TO 51 BILLION FRANCS. AUGUST 18 AGENCE FRANCE PRESS REPORT STATES THAT, AS RESULT OF FRANC DEPRECIATION, MINISTRY OF ECONOMY AND FINANCE COULD NOW GIVE GREEN LIGHT TO HIGHER GASOLINE AND FUEL PRICES REQUESTED BY OIL COMPANIES. HEAVY FUEL OILS AND NAPHTHA PRICES HAVE ALREADY BEEN INCREASED AN AVERAGE OF 11 PERCENT SINCE MID-MAY.  
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COMPANIES FEEL CURRENT DOMESTIC MARKET PRICES (SEE PARIS A-350 8/16/76) ARE INCREASINGLY INADEQUATE TO FINANCE NECESSARY OIL PURCHASES IN DOLLARS ON WORLD MARKET. AUGUST 18 BULLETIN DE L'INDUSTRIE PETROLIERE PREDICTS MINIMUM 60 BILLION FRANC FUEL BILL FOR CURRENT YEAR, OF WHICH 55 BILLION WILL GO EXCLUSIVELY FOR HYDROCARBON PURCHASES. FRANCE'S TOTAL FOREIGN EXCHANGE RESERVES NOW STAND AT ABOUT

85 BILLION FRANCS. GENERAL TONE OF THESE REPORTS  
UNDERLINES GROWING CONCERN WITH WHICH GOVERNMENT  
VIEWS POSSIBILITY OF OPEC PRICE HIKES LATER THIS  
YEAR AND DIFFICULTIES SUCH HIKES WOULD PORTEND FOR  
ITS EFFORTS TO CURB INFLATION AND CREATE STABLE  
GENERAL ECONOMIC PROGRAM FOR FRANCE IN 1977.

4. OTHER ENERGY DEVELOPMENTS: A) MOBIL OIL, WHICH

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INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

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R 201521Z AUG 76

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TO SECSTATE WASHDC 4191

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IS PRINCIPAL AMERICAN COMPANY AFFECTED BY RESTRICTIVE  
GASOLINE SALE PROVISIONS OF NEW THREE-YEAR  
DISTRIBUTION/MARKETING LICENSES (SEE REFTEL DISCUSSION  
OF A-3 PROBLEM), IS SEEKING LEGAL RECOURSE. CLAIMING  
INJURED PARTY STATUS, COMPANY ON JULY 29 EMBARKED  
UPON PROCEEDINGS UNDER ADMINISTRATIVE LAW WHEREBY  
GOF IS PETITIONED (REOURS GRACIEUX) TO RECONSIDER  
ITS PRIOR DECISION ON GASOLINE MARKETING QUOTAS.

GOVERNMENT HAS FOUR MONTHS IN WHICH TO RESPOND  
POSITIVELY OR NEGATIVELY TO PETITION. MOBIL, IF  
STILL DISSATISFIED, CAN AT THAT TIME GO TO COURT  
(REOURS CONTENTIEUX). AWARE THAT EMBASSY HAS TOLD  
GOF OF USG CONCERN OVER DISCRIMINATORY IMPLICATIONS  
OF NEW A-3 PROCEDURES (PARIS 18612), MOBIL OFFICIALS  
SAY THEY ARE NOT WITHOUT HOPE THAT SOME SATISFACTORY  
SOLUTION CAN BE WORKED OUT, EVEN THOUGH NEW  
DISTRIBUTION/MARKETING SYSTEM BECAME LAW JULY 1.

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B) ELF-AQUITAINE (E-A) HAS UPPED ITS OWNERSHIP  
OF SPANISH PETROLEUM EXPLORATION FIRM ENPENSA FROM  
33 TO 100 PERCENT. IN RETURN, FRENCH GROUP  
RELINQUISHES ITS SHARES IN ANOTHER SPANISH EX-  
PLORATION FIRM ENPASA. E-A'S WHOLLY-OWNED  
SUBSIDIARY NOW HAS AT ITS DISPOSAL 224,000 SQUARE  
KILOMETERS OF SPANISH ON AND OFF SHORE EXPLORATION  
BLOCKS.  
GAMMON

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DATA, ENERGY, CONSERVATION, PETROLEUM INDUSTRY, ECONOMIC CONDITIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 AUG 1976  
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**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1976PARIS24311  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Film Number:** D760319-1353  
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**Handling Restrictions:** n/a  
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**Secure:** OPEN  
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**Subject:** FRENCH ENERGY DEVELOPMENTS  
**TAGS:** ENRG, EALR, FR  
**To:** STATE  
**Type:** TE  
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